UNDP

UNITED NATIONS DEVELOPMENT PROGRAMME

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ENGLISH

APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF
PANAMA

IPF:(1987-91) $ 4 446 000

(PAN/92/003) - Privatization of INTEL

Date of approval by the AC:1/	11 March 1992
Expected duration:	15 months
Proposed executing agency:	Government
Government implementing agency:	Ministry of Planning & Economic Policy
Government cost sharing:	$ 3 671 000 Source of funds: IDB/Govt.
Total UNDP budget:	$ 3 671 000

Project background

The political crisis of 1988 had serious repercussions in the economic activities of Panama. Despite the economic reactivation policy adopted after the return to normality, Panama has been unable to regain the economic dynamism which had existed prior to the crisis. GNP growth in 1990 was 3.4 percent, a significant drop from the five percent achieved during the previous five years. There has been a heavy impact among low income sectors, expressed in an unemployment rate of 20 percent in 1991 (compared to an average of 12 percent the previous five years) and 50 percent of the population living under the poverty line. This situation has been compounded by a public sector which has committed large volumes of public revenues towards financing services of low quality and which constitute a particular problem for an economy structured around provision of services to the international community through the Panama Canal, the International Banking Center, the Free Trade Zone and the International Shipping Registry.

UNDP was involved during the initial formulation phase of the Reform of the Public Sector Programme (RPSP), especially in the telecommunications sector under the projects (PAN/91/012) Plan for the Telecommunications Sector, which produced studies for restructuring the telecommunications sector and privatizing the National Telecommunications Institute (INTEL), and (PAN/92/008) Legal Framework for the Restructuring of the Telecommunications Sector which prepared the legal documentation needed to approve privatization of INTEL in the Legislative Assembly.

UNDP assistance in the implementation of the RPSP will concentrate in providing support to the Co-ordinating Unit of the Economic Program. Although this Unit will serve as implementing agency under the modality of National Execution, it is important to stress that

1/ This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

(US)$ 7,654,300 (or nearly 75.0 percent) of the total UNDP budget will be executed in the form of subcontracts.

Presently, the Government has requested UNDP technical assistance for the implementation phase of the Reform of the Public Sector Programme in four sectors: (1) telecommunications; (2) ports; (3) electricity; and (4) water and sewage.

Description of project

This project is part of a cluster of four projects wich will assist the implementation of the RPSP. The immediate objective of the project is to implement the country's Telecomunications Sectorial Plan which will involve privatizing the services of INTEL and creating a regulatory agency for the sector.

Inputs

UNDP will provide international and national personnel: 78 work-months of national consultants to support activities of the "Technical Unit for the Privatization of Intel"; five subcontracts in the field of investment advisory services, local legal advisory services, international legal advisory services; establishment of the Regulatory Entity, and auditing, and accounting services; computers and office equipment; and miscellaneous costs.

Financial data

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Personnel	302 500
Subcontract	3 015 000
Equipment	40 000
Miscellaneous	313 500
Total	3 671 000

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